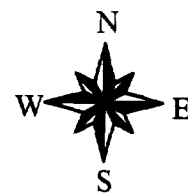
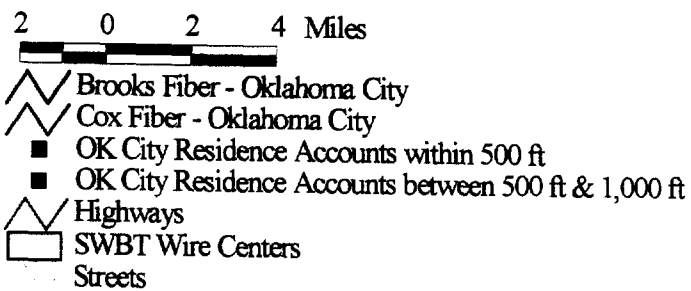
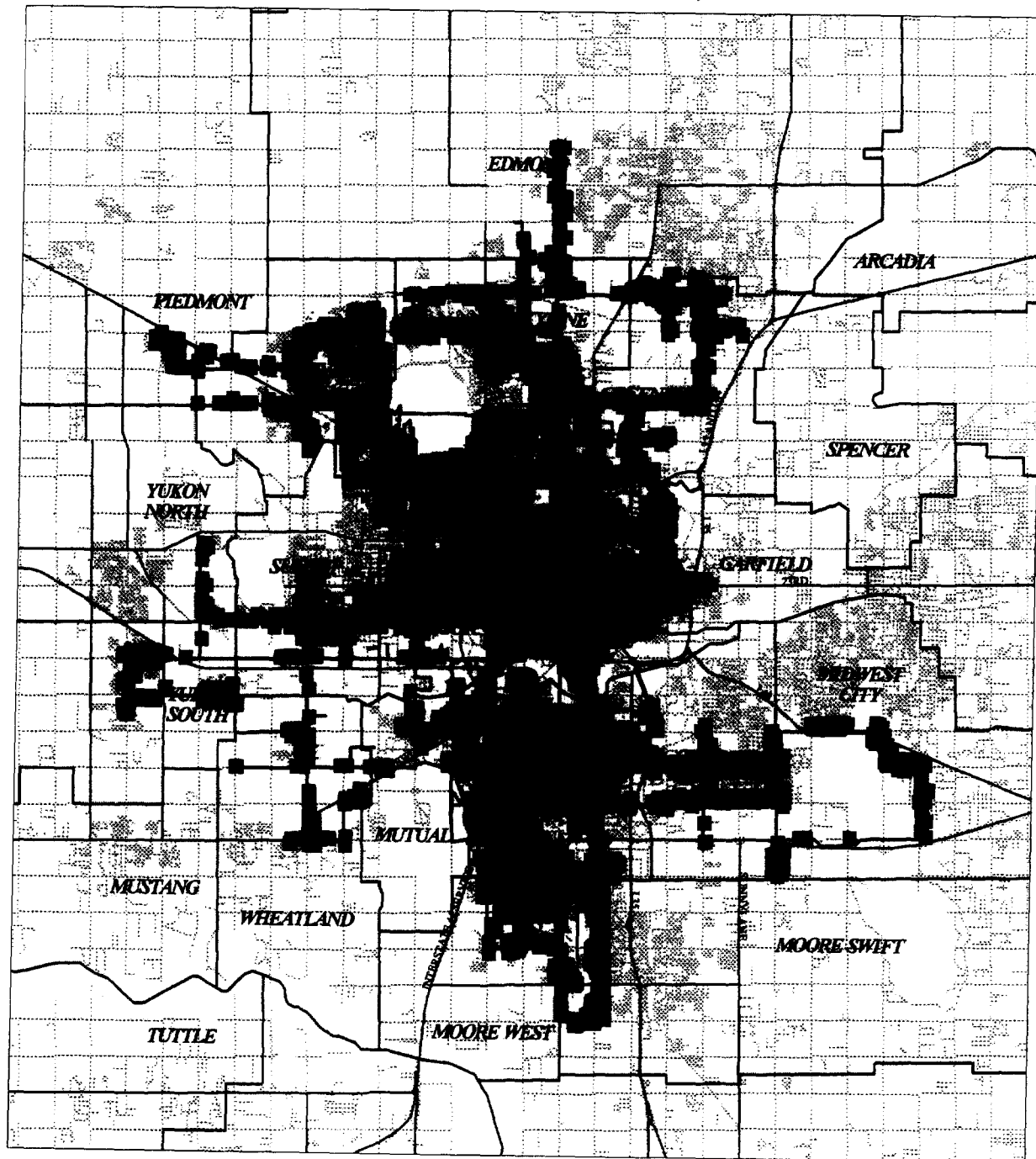
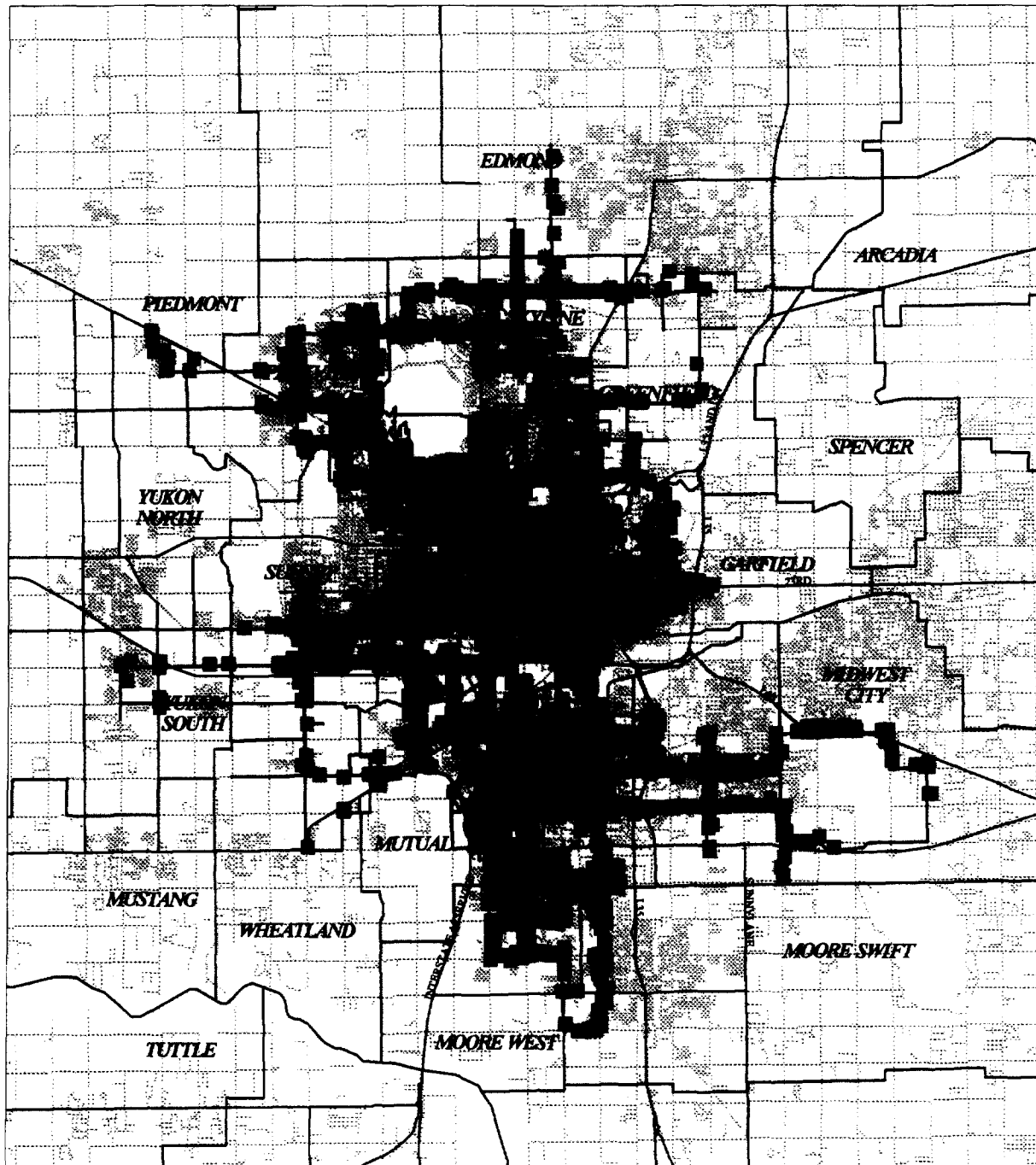









COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

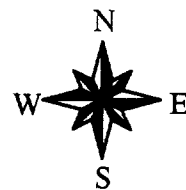


COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

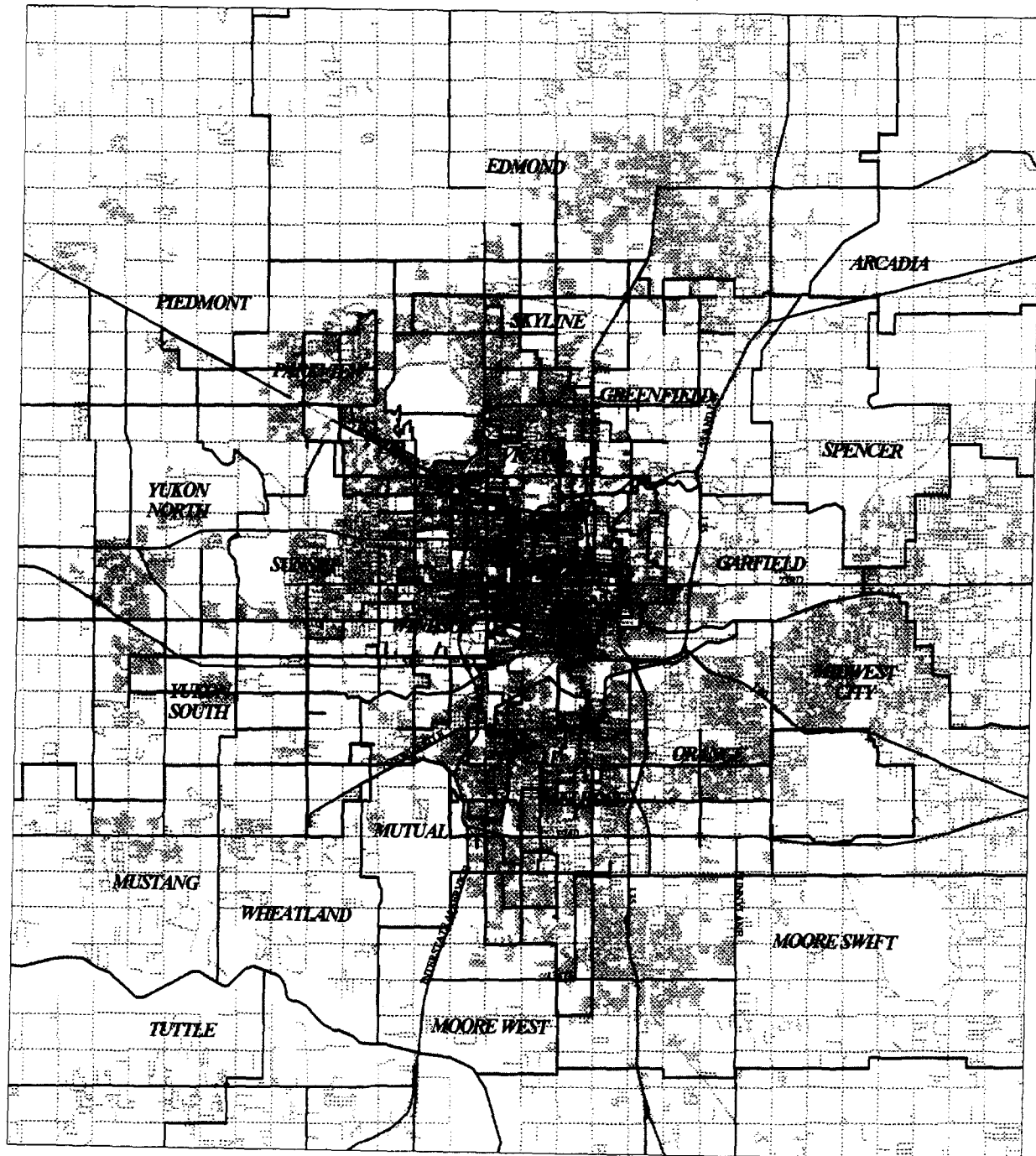


2 0 2 4 Miles

-  Brooks Fiber - Oklahoma City
-  Cox Fiber - Oklahoma City
-  OK City Business Accounts within 500 ft
-  OK City Business Accounts between 500 ft & 1,000 ft
-  SWBT Wire Centers
-  Highways
-  Streets

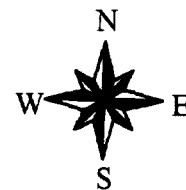


COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

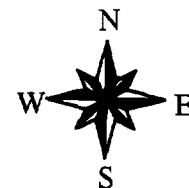
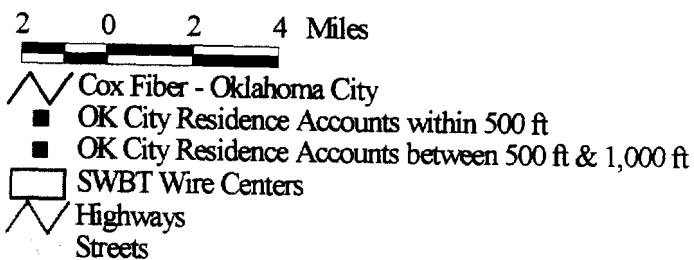
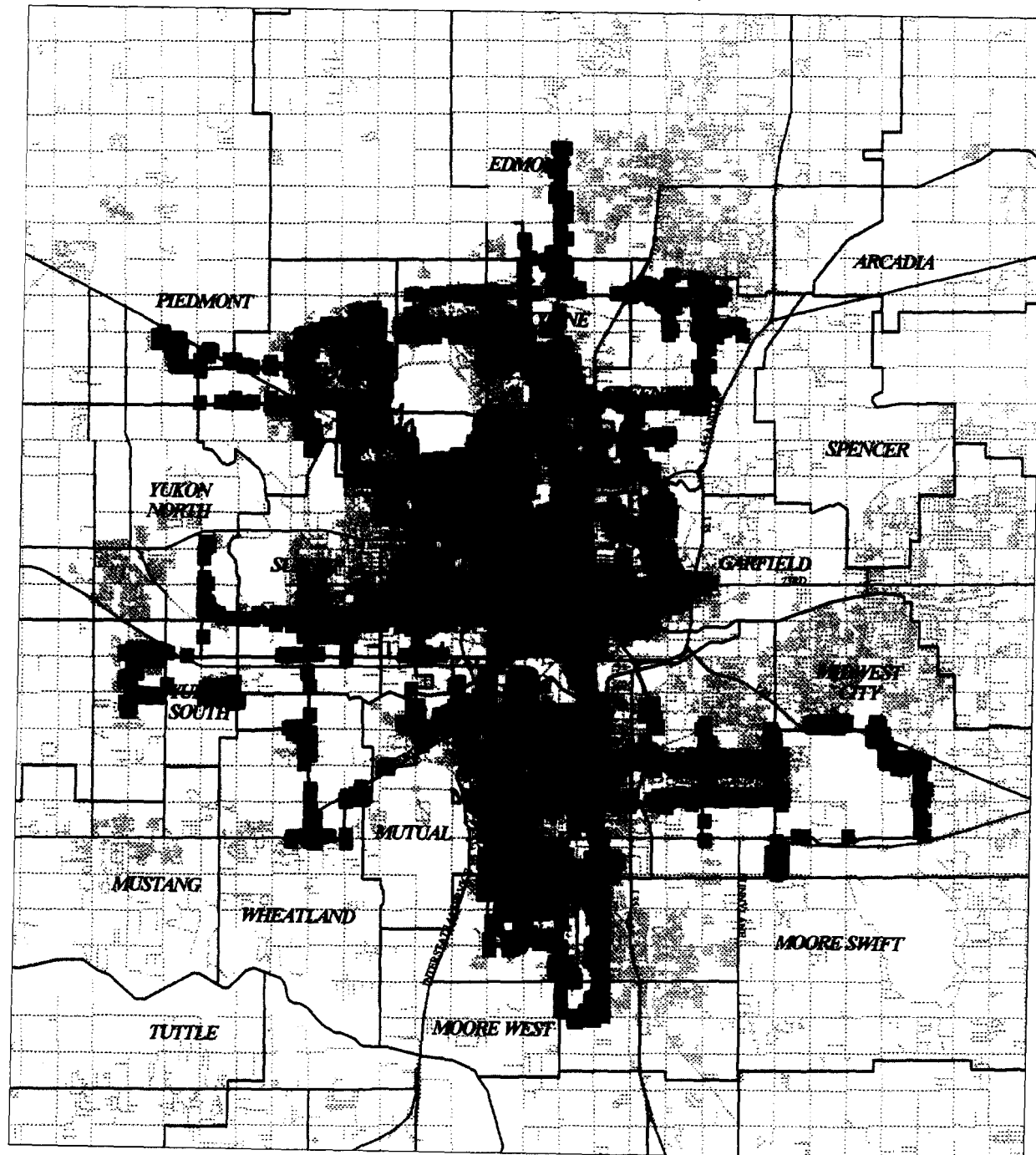


2 0 2 4 Miles

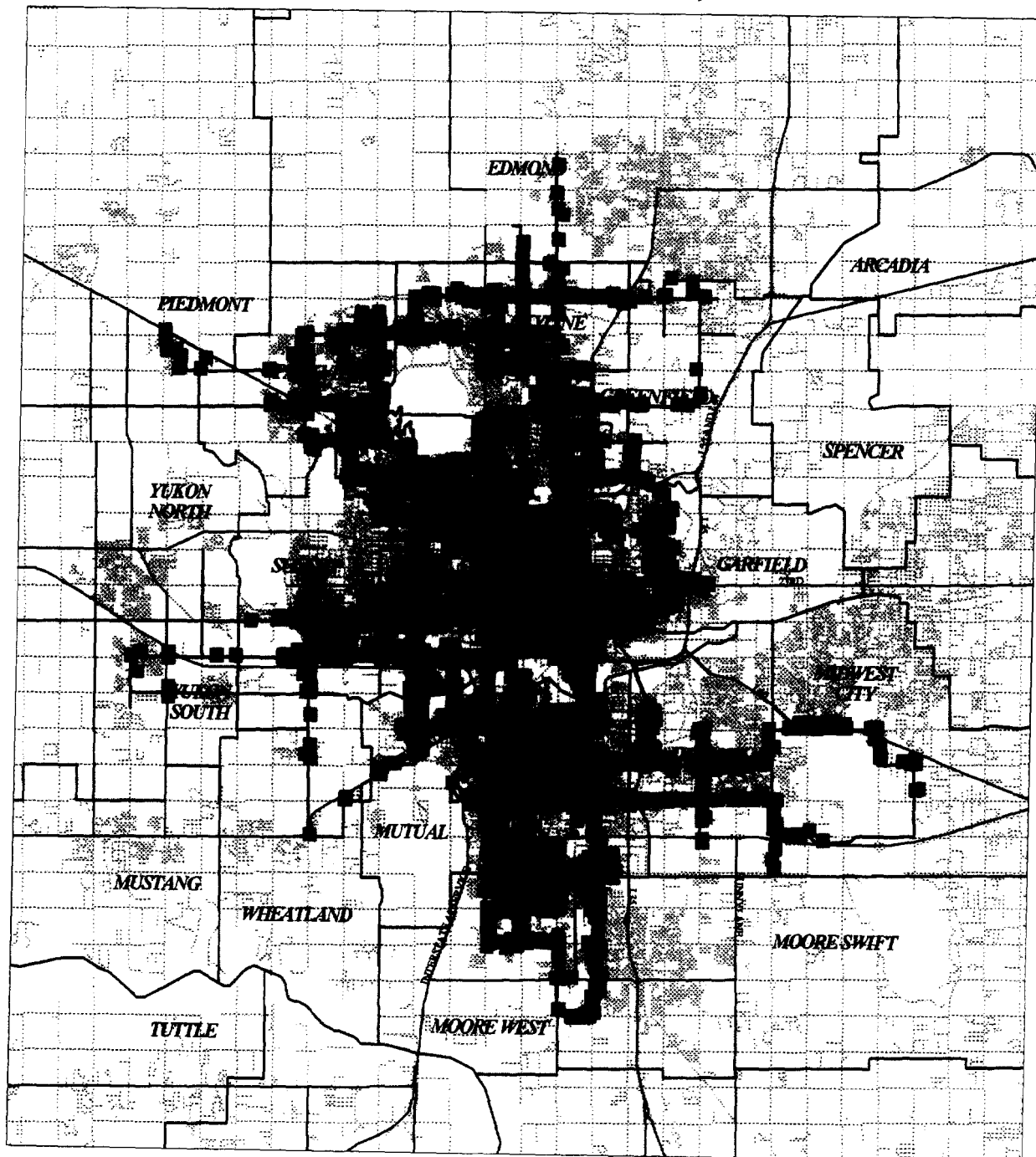
- Brooks Fiber - Oklahoma City
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



COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

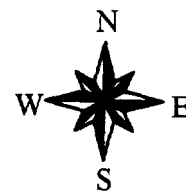


COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

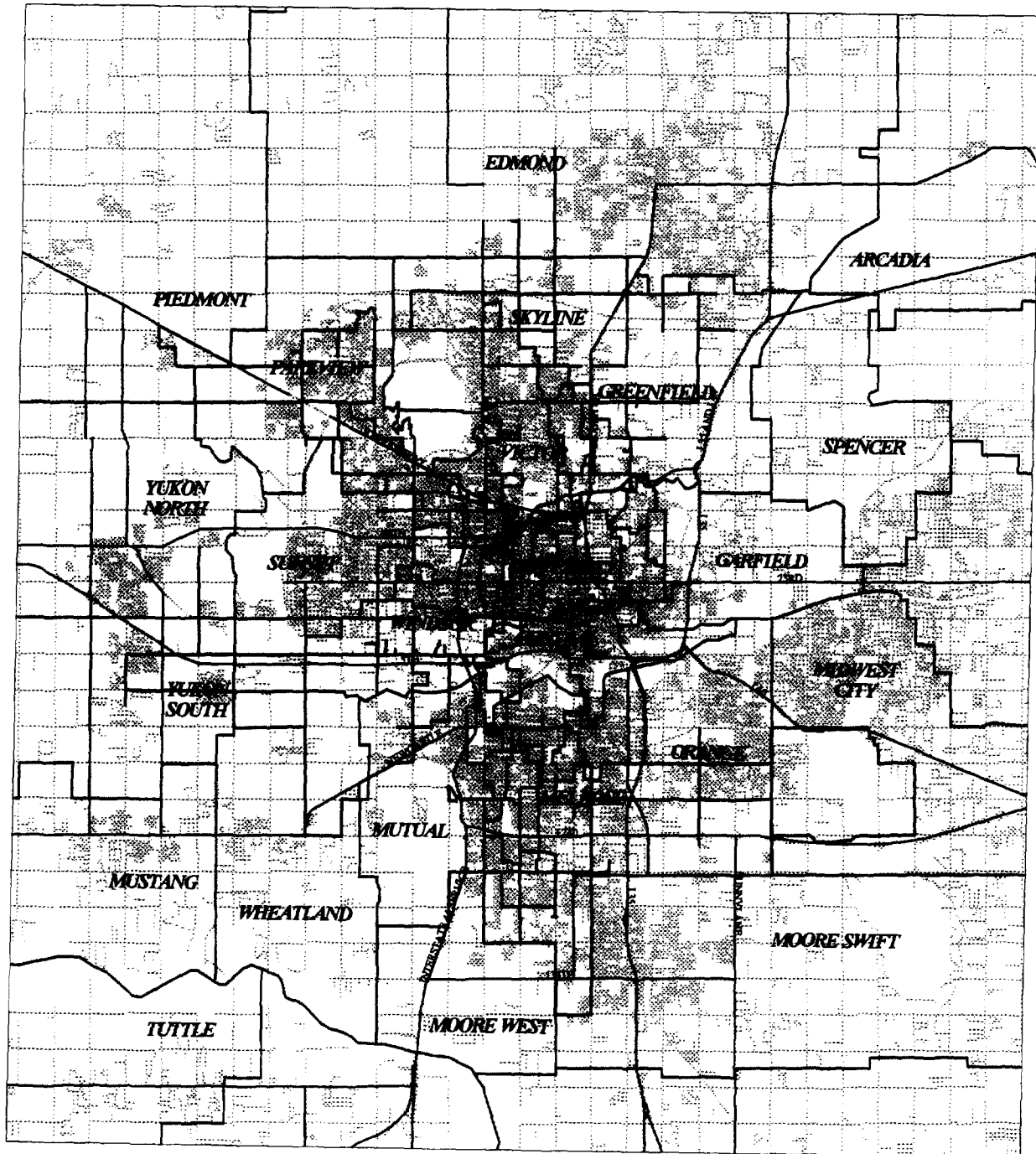


2 0 2 4 Miles





-  Cox Fiber - Oklahoma City
-  OK City Business Accounts within 500 ft
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-  SWBT Wire Centers
-  Highways
-  Streets

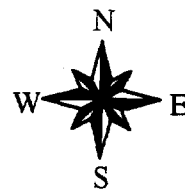


COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

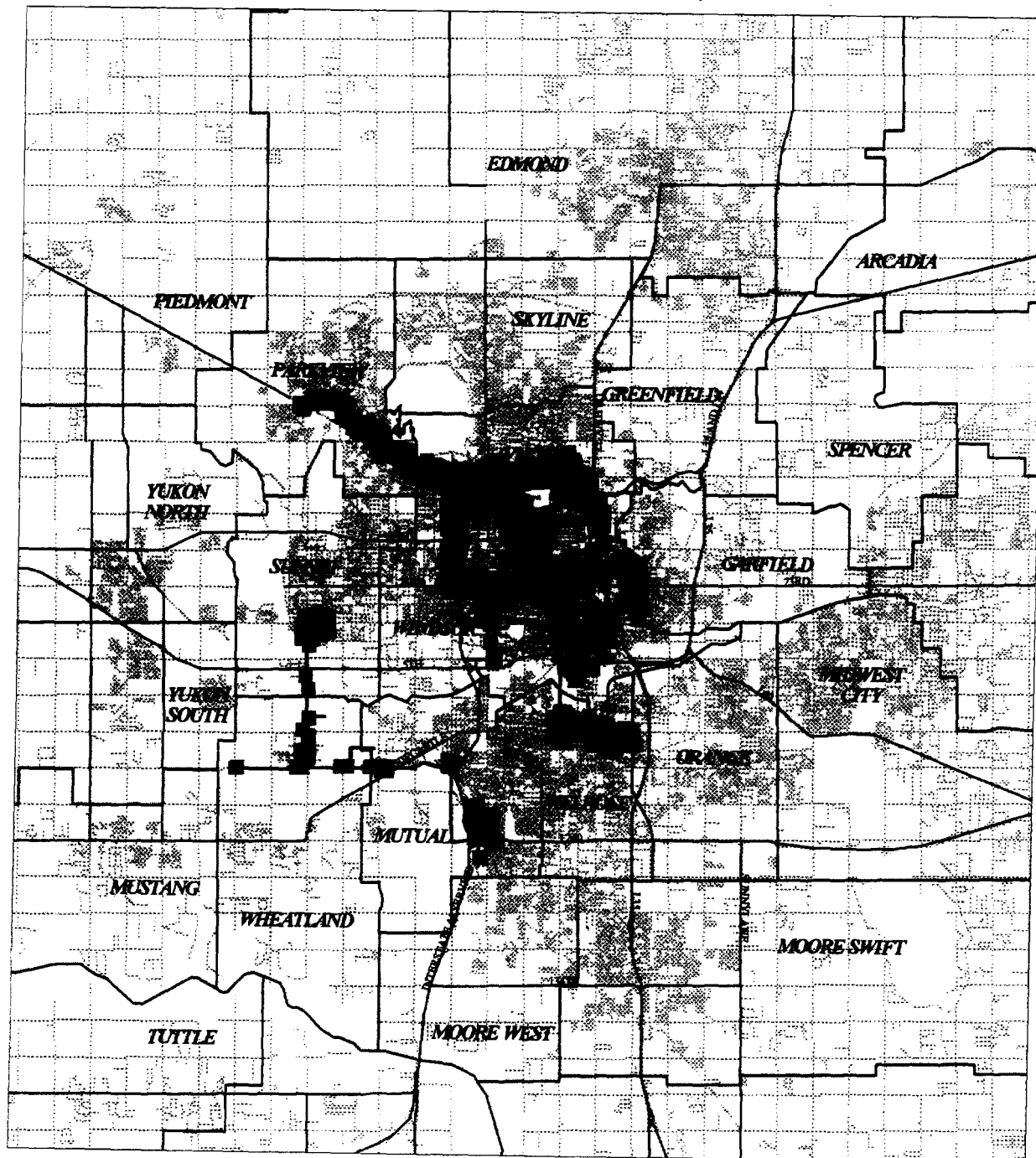


2 0 2 4 Miles

-  Cox Fiber - Oklahoma City
-  Highways
-  SWBT Wire Centers
-  Streets

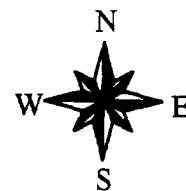


COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

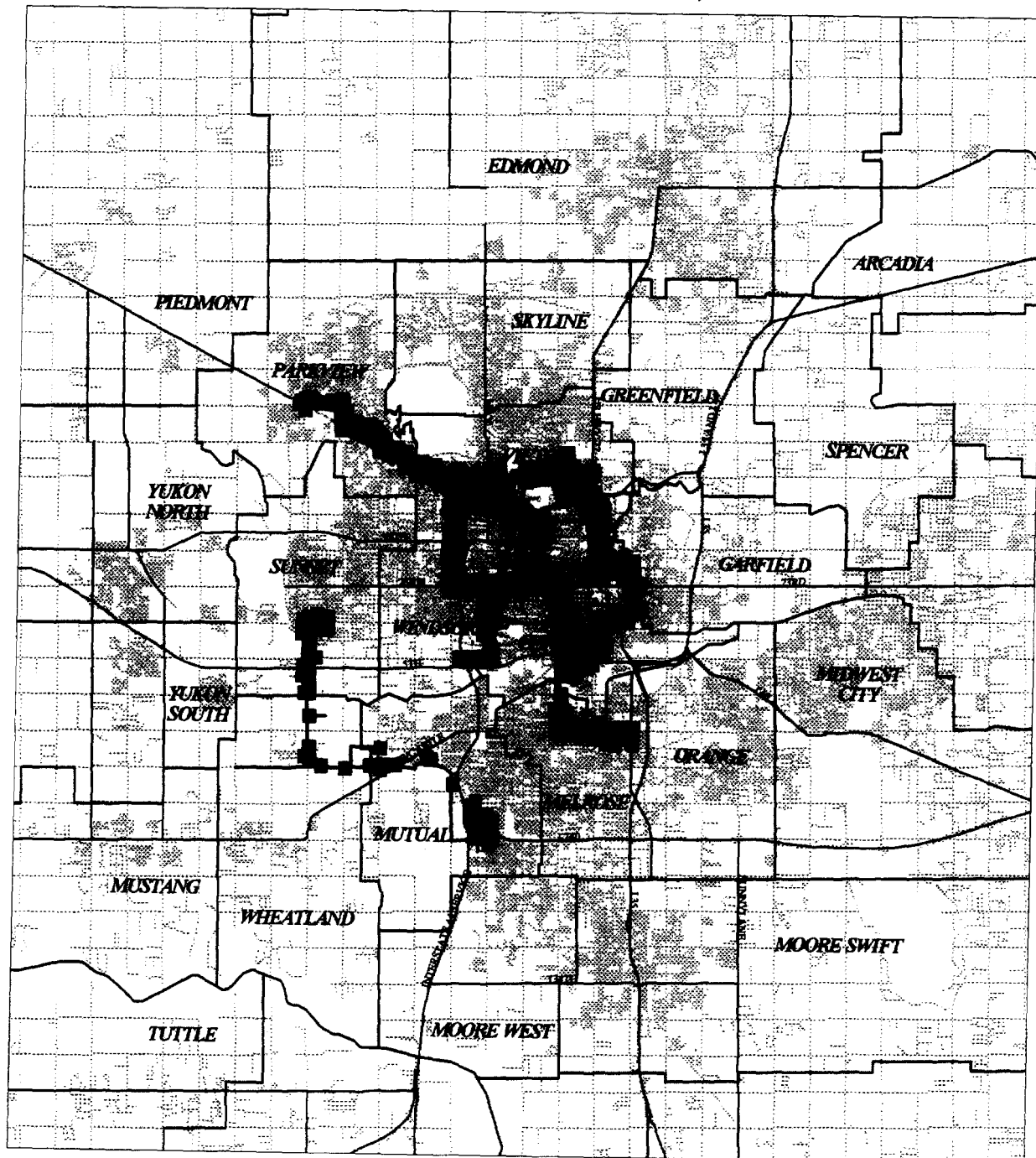


2 0 2 4 Miles







- ✓ Brooks Fiber - Oklahoma City
- OK City Residence Accounts within 500 ft
- OK City Residence Accounts between 500 ft & 1,000 ft
- SWBT Wire Centers
- ✓ Highways
- Streets

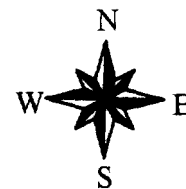


COMPETITIVE FIBER NETWORKS OKLAHOMA CITY, OK

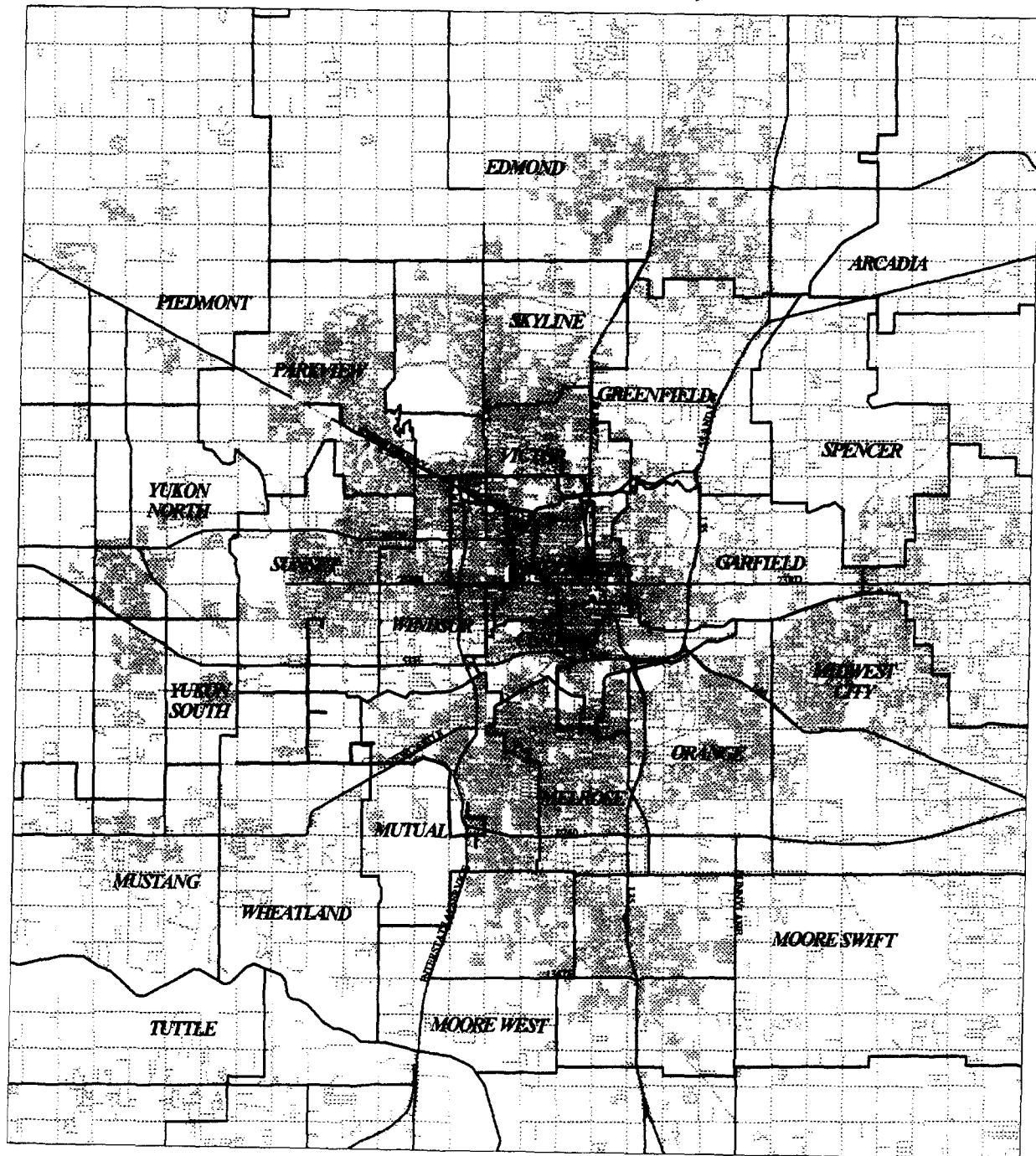


2 0 2 4 Miles





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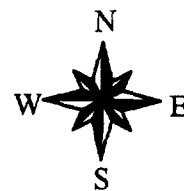


COMPETTITIVE FIBER NETWORKS OKLAHOMA CITY, OK

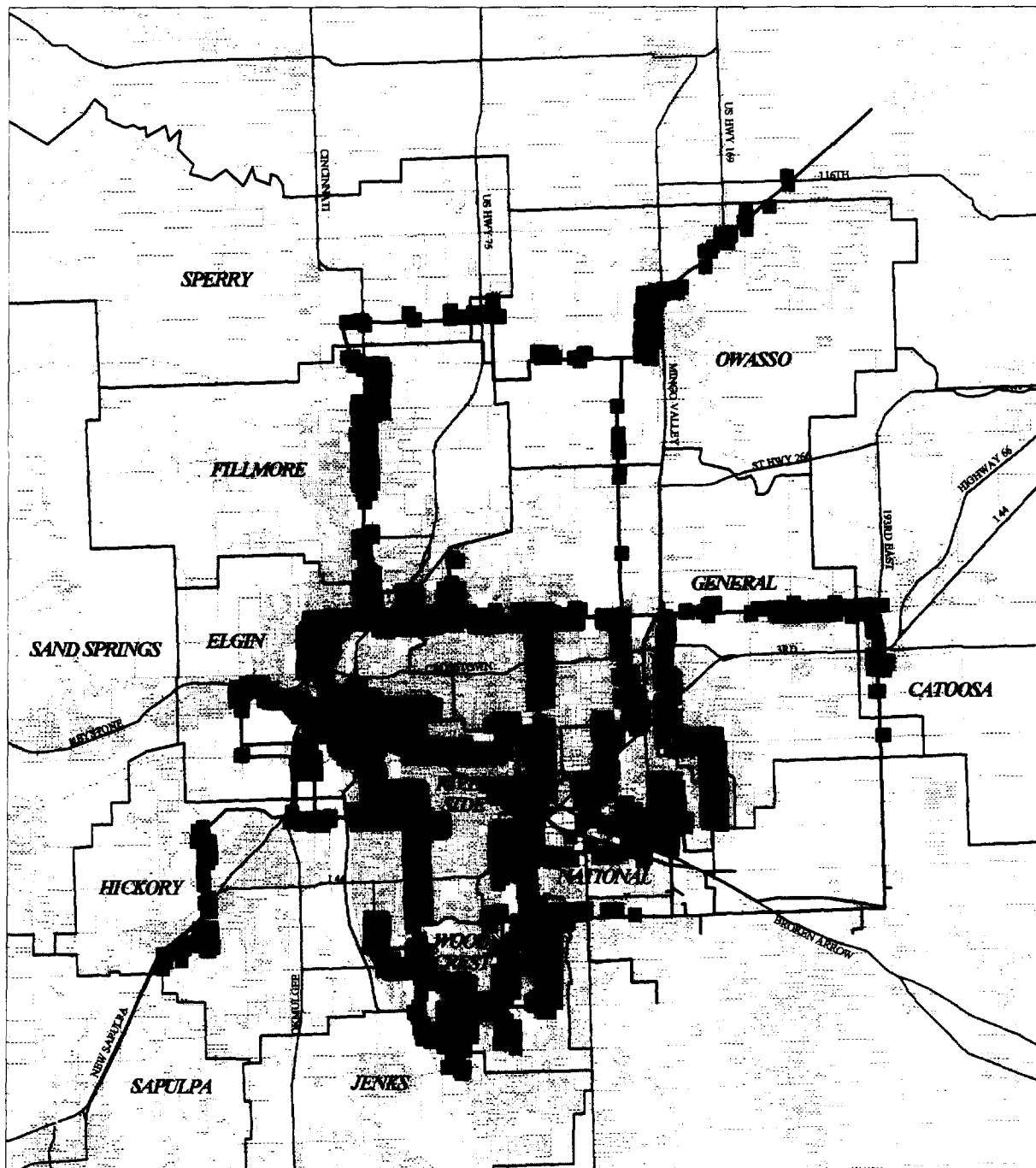


2 0 2 4 Miles

-  Brooks Fiber - Oklahoma City
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-  Highways
-  Streets

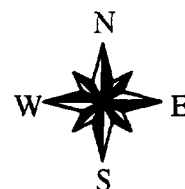


COMPETITIVE FIBER NETWORKS TULSA, OK

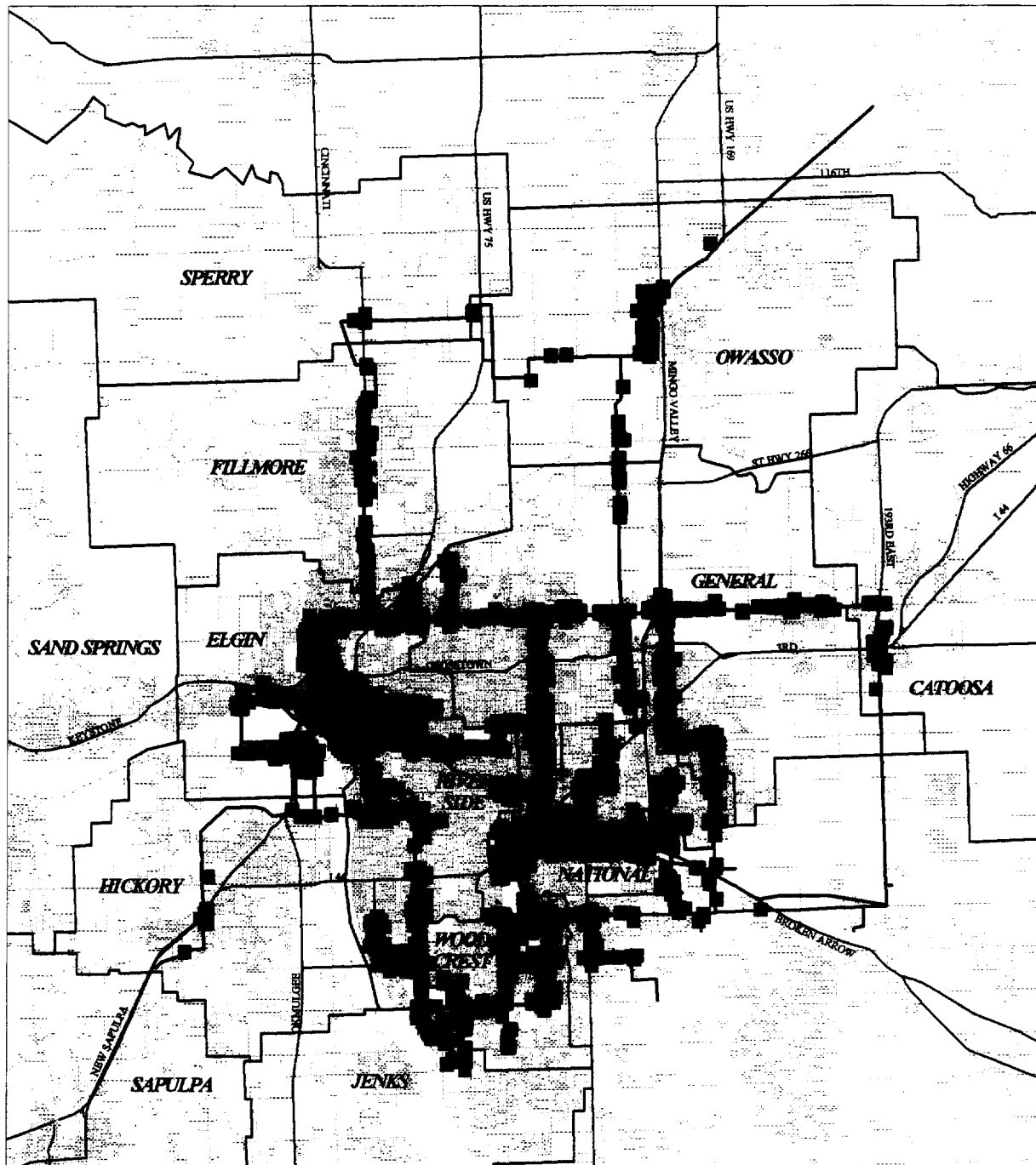


2 0 2 4 Miles

- ACSI Fiber - Tulsa
- Brooks Fiber - Tulsa
- Tulsa Residence Accounts within 500 ft
- Tulsa Residence Accounts between 500 ft & 1,000 ft
- SWBT Wire Centers
- Highways
- Streets

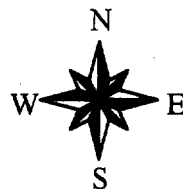


COMPETITIVE FIBER NETWORKS TULSA, OK

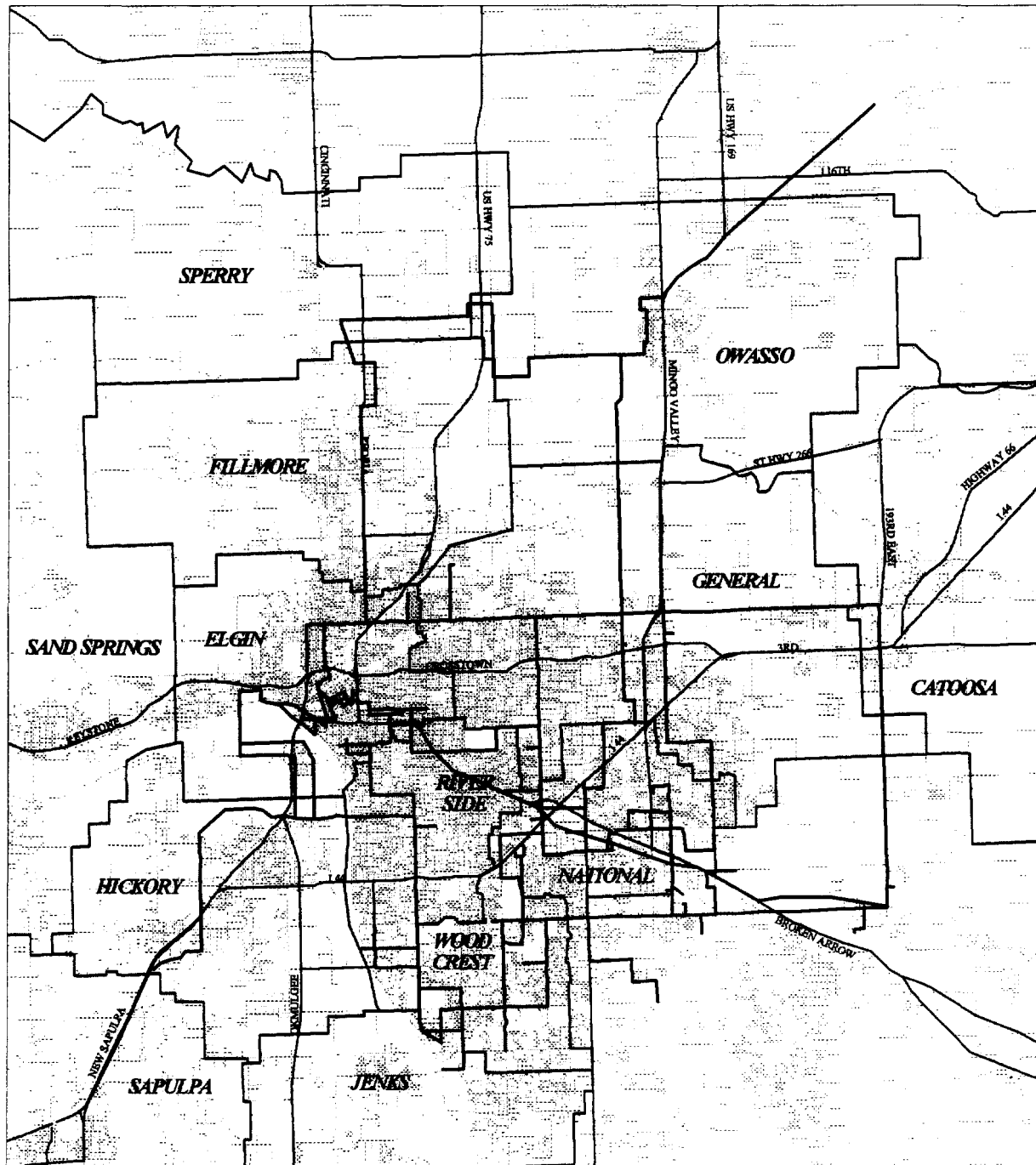


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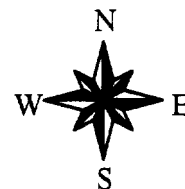


COMPETITIVE FIBER NETWORKS TULSA, OK

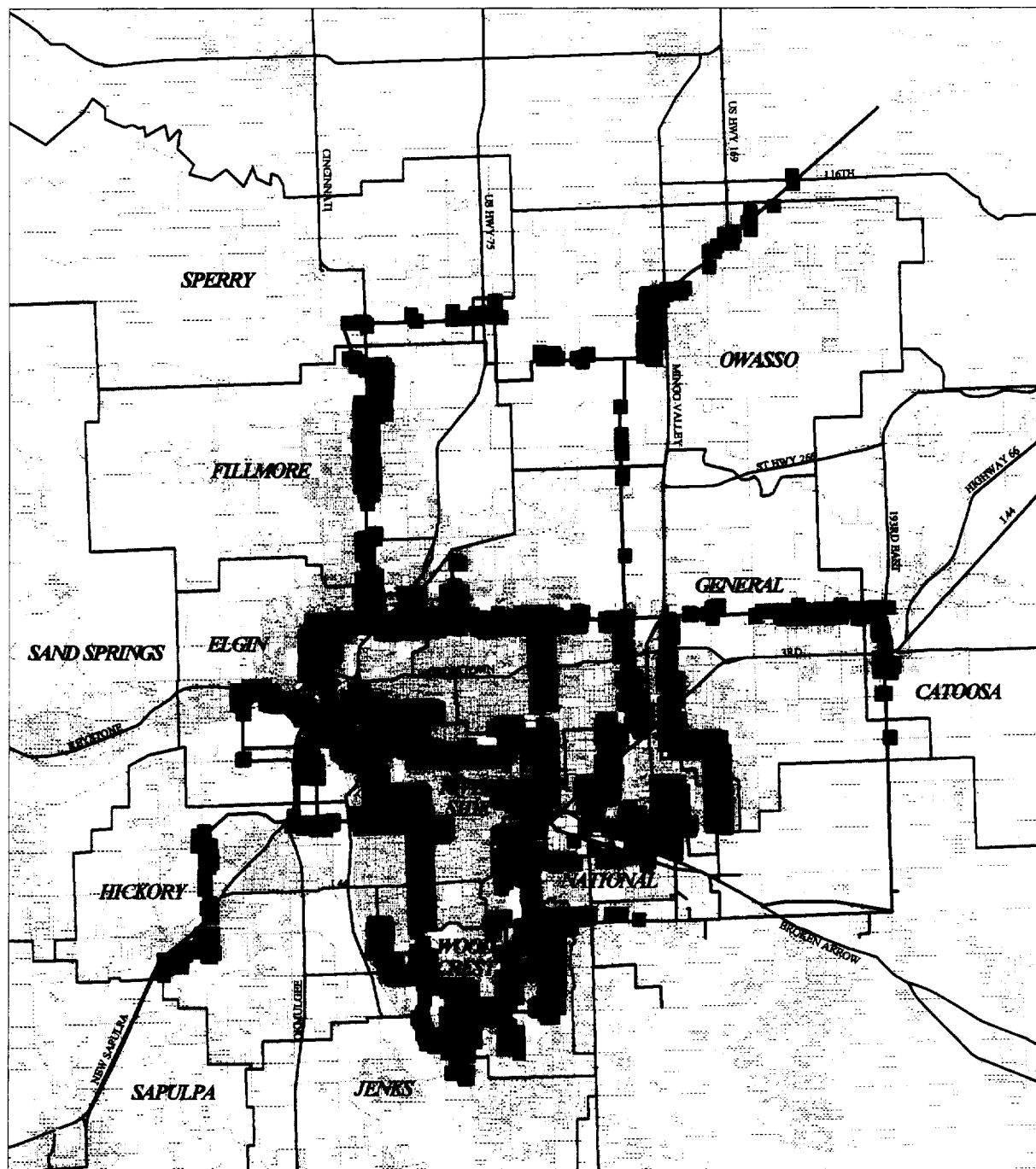


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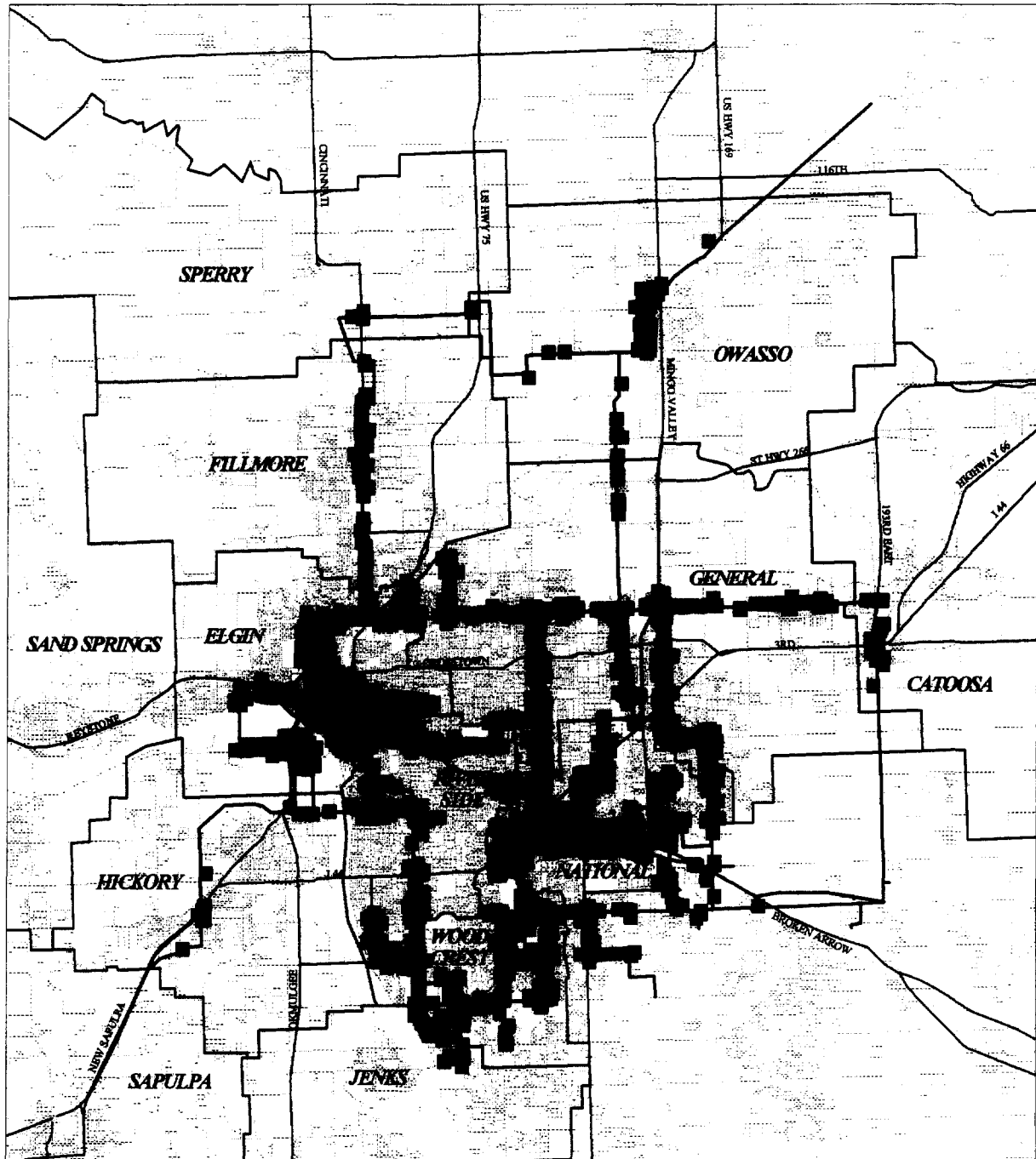


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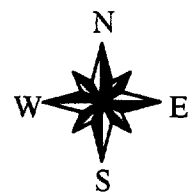


COMPETITIVE FIBER NETWORKS TULSA, OK

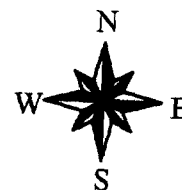
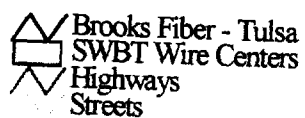
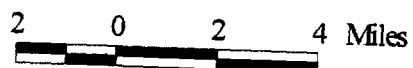


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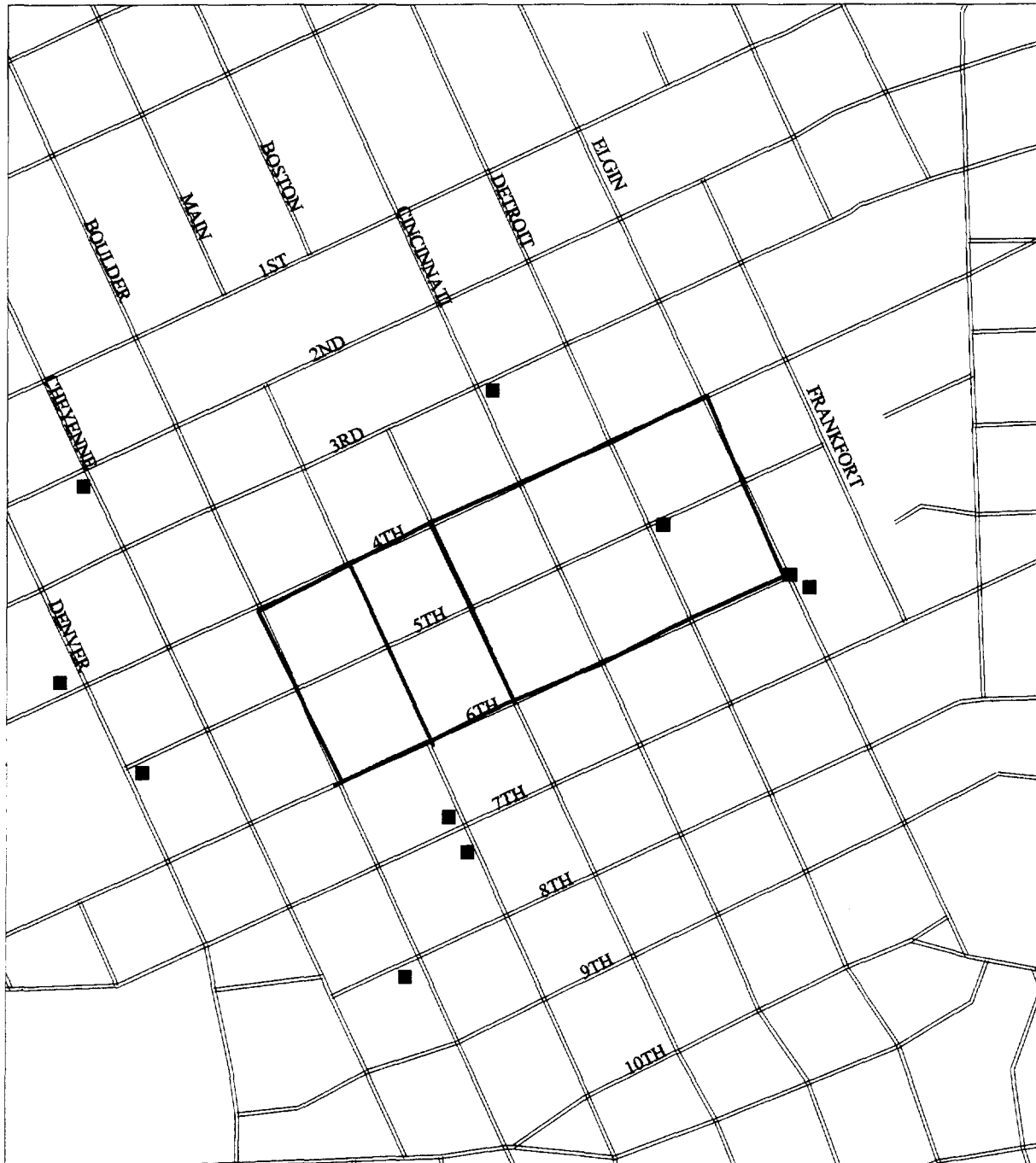
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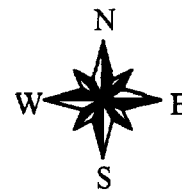
A map of Oklahoma counties with major highways and geographical features. The map shows the following counties: SPERRY, OWASSO, FILLMORE, GENERAL, SAND SPRINGS, ELGIN, CATOOSA, HICKORY, NATIONAL, WOOD CREST, JENES, and SAPULPA. Major highways include US HWY 169, US HWY 75, US HWY 28, US HWY 66, US HWY 160, and US HWY 154. Geographical features include the Canadian River, the Oklahoma River, and the Red River. The map also shows the locations of major cities such as Oklahoma City, Tulsa, and Muskogee.







COMPETITIVE FIBER NETWORKS TULSA, OK

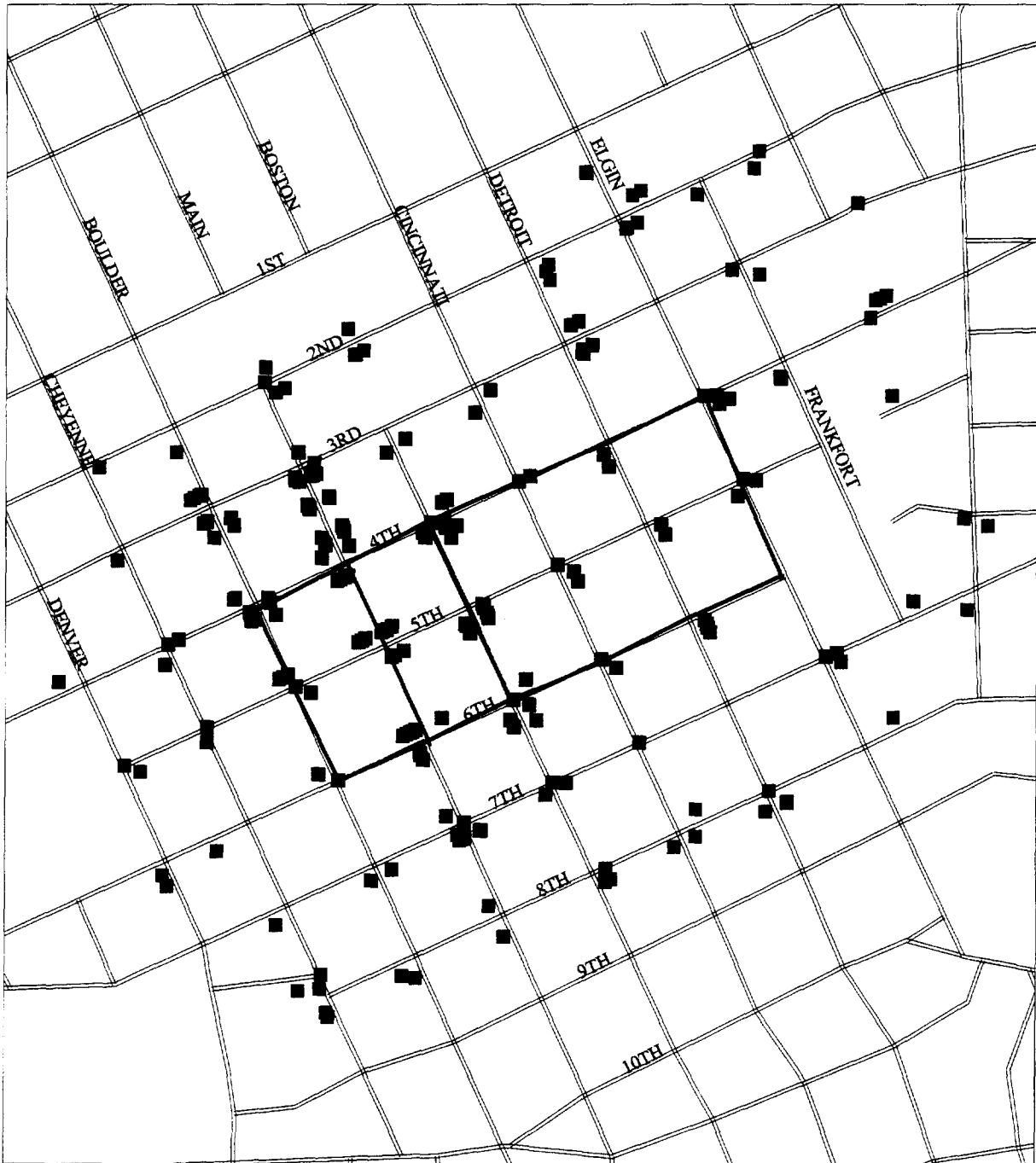


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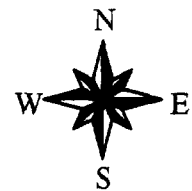


-  ACSI Fiber - Tulsa
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COMPETITIVE FIBER NETWORKS TULSA, OK

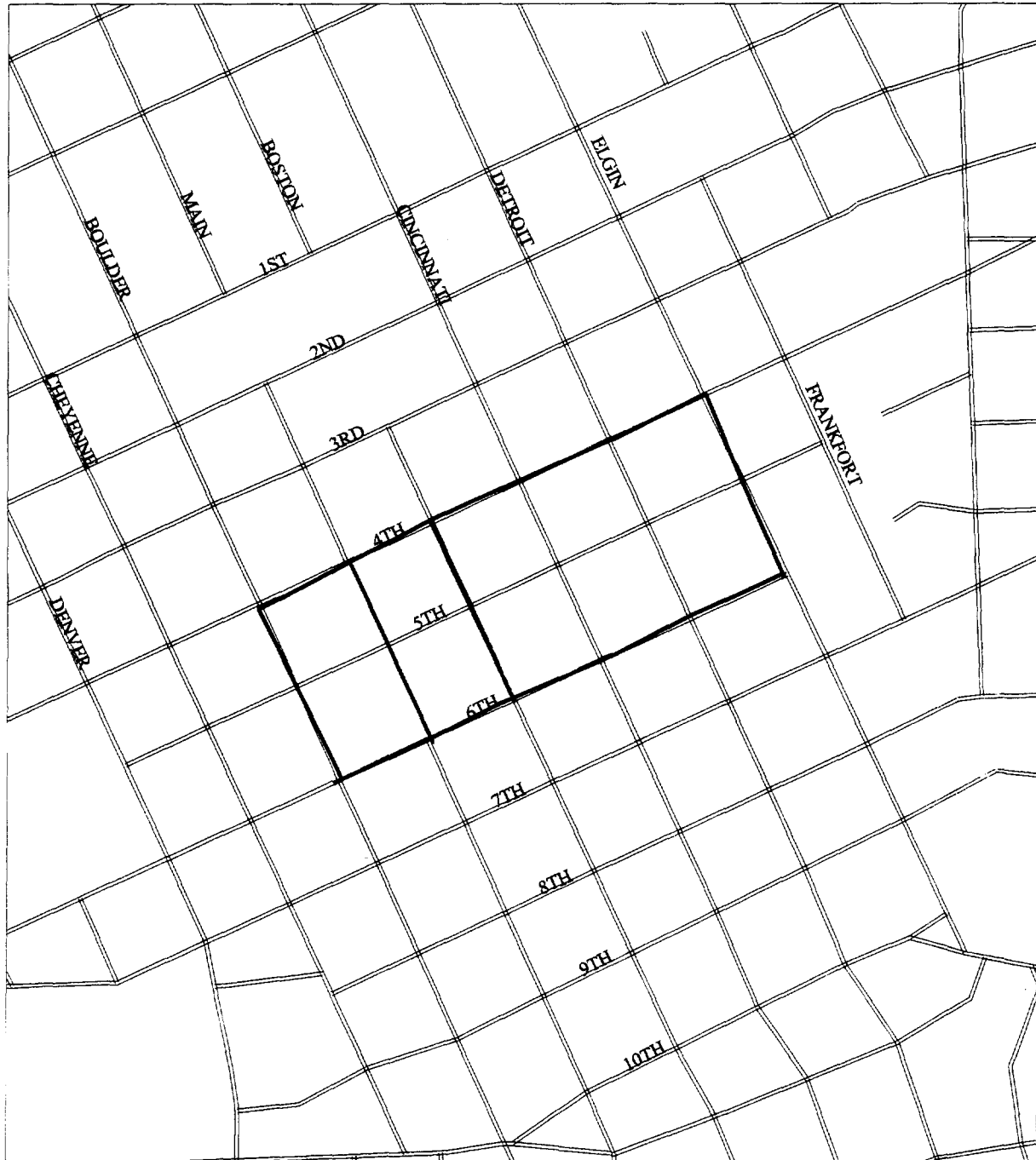


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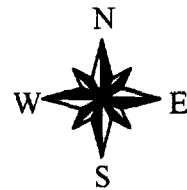


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- Streets

COMPETITIVE FIBER NETWORKS TULSA, OK



300 0 300 600 Feet



**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

Application of SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc., d/b/a Southwestern Bell Long Distance, for Provision of In-Region, InterLATA Services in Oklahoma

CC Docket No. _____

**AFFIDAVIT OF J. MICHAEL MOORE
ON BEHALF OF SOUTHWESTERN BELL TELEPHONE COMPANY.**

STATE OF Missouri)
)§
CITY OF St. Louis)

I, J. Michael Moore, being first duly sworn upon oath, do hereby depose and state as follows:

Qualifications

1. My name is J. Michael Moore. I am District Manager-Cost Analysis at Southwestern Bell Telephone Company (SWBT). My business address is One Bell Center, Room 37-L-03, St. Louis, Missouri 63101.

2. I have been employed by SWBT since 1964. Between 1964 and 1988, I held a variety of positions in the Plant and Network Departments. These were primarily engineering

positions involving Outside Plant and Central Office responsibilities. In April of 1988, I assumed my present position as District Manager-Cost Analysis.

3. As for my education, I received a Bachelor of Science in Electrical Engineering degree from St. Louis University in 1964. I received my Masters in Business Administration degree from Rockhurst College in 1987. I am also a Registered Professional Engineer in the state of Missouri.

4. As District Manager-Cost Analysis I am responsible for developing cost methods that determine the costs incurred in providing Company services; supervising the production of cost studies; and analyzing cost study results. I have been principally responsible for the 1996 cost studies for network interconnection, unbundled network elements, and local transport and termination.

5. The purpose of my affidavit is to describe how SWBT has satisfied the development of costs in support of interconnection, unbundled network elements and reciprocal compensation provisions of 47 U.S.C. § 271 (c)(2)(B) of the Telecommunications Act of 1996 (Act).

6. 47 U.S.C. § 271 (c)(2)(B) sets forth the requirement to comply with certain Sections of 251 and 252 of the Act.

7. Specifically, my affidavit will demonstrate that the costs for unbundled network elements were developed in accordance with the Act 47 U.S.C. § 251(c)(3) and 252(d)(1): local loop transmission from the central office to the customer's premises, unbundled from switching or other services; local transport from the trunk side of a wireline switch, unbundled from switching or other services and local switching unbundled from transport, local loop transmission, or other services. I will describe the basis for these cost studies, the

methodology used to determine the costs for these elements, and will also explain why the results reflect only the minimum costs of providing those elements as opposed to a methodology which allows a firm to recover its appropriate costs, including joint and common costs. And finally, I discuss the wholesale discount rate for resale services.

Costs for Network Interconnection, Unbundled Network Elements, Local Transport and Termination, and Collocation.

8. The Act in 47 U.S.C. § 252(d)(1) requires that prices for interconnection and unbundled network elements be ‘based upon the cost’ of providing these elements, products and services, and “may include a reasonable profit”. The Federal Communications Commission’s First Report and Order on Local Competition CC Docket 96-98 (Order) prescribed the methodology for identifying the appropriate cost on which these prices should be based. This methodology is the sum of the total element long run incremental cost (TELRIC) and a reasonable allocation of forward looking common cost.

9. The Act in 47 U.S.C. § 252(d)(2) requires that the charges for local transport and termination recover the “costs” of transporting and terminating “calls that originate on the network facilities of the other carrier;” The Order in Paragraph 1056 specified these costs were to be determined in the same manner as the costs for network interconnection, unbundled network elements and collocation.

10. After passage of the Act, and in anticipation of the Commission’s pricing regulations, SWBT performed cost studies designed to determine the forward-looking economic costs of providing services to Local Service Providers (LSPs). Following the issuance of the Commission’s Local Competition First Report and Order and its accompanying

regulations on August 8, 1996, SWBT revised its studies to ensure that they conformed with the rules and principles enunciated in the Commission's Order.

11. The studies developed for these elements are forward-looking long run incremental cost studies considering the "total quantity of the facilities" as required by 47 C.F.R. §51.505(b).

12. The technology chosen for these studies is based on the most efficient technology currently available given existing wire center locations as required by 47 C.F.R. §51.505(b)(1). For example, in the Operator Services studies forward-looking digital switch technology is utilized for Host and Remote switches at existing wire center locations.

13. The Order provides for deriving per-unit costs "by dividing total costs associated with the element by a reasonable projection of the actual usage of the element." Rather than use scenarios which are dependent upon the business plans of competitors and their relative success in the marketplace, SWBT has elected to use current patterns of use until there is some actual basis to sort out which scenario is the most successful and affects fill.

14. The forward-looking cost of capital used in these studies reflected a conservative estimate of the risk characteristics of the increasingly competitive environment SWBT will confront in the coming months. The cost of capital was 10.69%, well below the authorized interstate level, despite increased business and financial risk due to competition. This cost of capital complies with 47 C.F.R. §51.505(b)(2).

15. With respect to depreciation, we selected "economic depreciation rates" as required in 47 C.F.R. §51.505(b)(3) rather than using existing prescribed rates. Existing rates are based predominantly on retirements rather than on economic value and thus would not have met the criteria established in the Order.

16. Common Costs were identified using SWBT's most recent historical costs as a basis for projecting its forward looking common costs. The historical costs were adjusted to exclude retail costs and a portion of executive, planning, and general and administrative costs which arguably could be attributed to retail costs.

17. To recover common costs an allocative ratio (allocator) was developed. Two steps were required in this calculation. First, all retail and wholesale Marketing and Services expenses plus company common costs were subtracted from total expenses. Secondly, the ratio of forward-looking common costs to the adjusted value determined in step one was calculated.

18. Embedded costs are not part of the costs of unbundled network elements in compliance with 47 C.F.R §51.505(d)(1). Certain historical data was used in the development of factors in order to predict future relationships based on forward-looking investments. However the investments and the costs developed from these investments were forward-looking. SWBT has not included the cost associated with older technology such as analog end office switches or analog carrier systems.

19. The studies for these elements do not include retail costs (marketing, billing, collection, etc.) associated with providing retail telecommunications services to subscribers who are not telecommunications carriers in compliance with 47 C.F.R §51.505(d)(2).

20. In compliance with 47 C.F.R §51.505(d)(3) opportunity costs have not been included in the costs of unbundled elements.

21. Revenues to subsidize other services have not been included in the costs of these elements in compliance with 47 C.F.R §51.505(d)(4).

22. SWBT complies with 47 C.F.R §51.511(a) by apportioning the cost over a reasonable projection of the sum of the total number of units of the element that we are likely

to provide. Because of the uncertainty involved in determining future demand for unbundled elements, SWBT takes the reasonable approach of utilizing recent usage figures in projecting “the sum of the total number of units.”

23. The units chosen corresponded to the discrete number of elements for flat-rate services, or the unit of measurement of the usage of the element for usage-based services as required by 47 C.F.R §51.511(b).

24. Based on the foregoing, the costs provided by SWBT meet the requirements of the Act as well as the requirements of the Order and provide a suitable basis for rates as described herein.

Wholesale Discount Rates for Resale Services

25. The Act requires that wholesale rates be determined “on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided” 47 U.S.C. § 252(d)(3). The interconnection regulations issued by the Commission on August 8, 1996 contain provisions amplifying and elaborating on this pricing standard. See, e.g., 47 C.F.R. §51.609. Following the issuance of those regulations, SWBT performed an avoided cost study that complied with the Commission’s rules and principles. This study yielded service-specific discounts for each of the telecommunications services that the Act requires SWBT to make available for resale. SWBT used the results of this study to propose wholesale discounts in the AT&T arbitration. SWBT also proposed an aggregate discount of 17.5% based on the accounts outlined in the Order. The aggregate discount proposed was based on the accounts outlined in the FCC Order and resulted in a discount of 17.5%. The Oklahoma Corporation Commission, however, rejected SWBT’s proposed service specific discounts and